



**EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503**

Record

LEGISLATIVE LIAISON
84-2987

August 27, 1984

OMB

LEGISLATIVE REFERRAL MEMORANDUM

TO: Legislative Liaison Officer-
National Security Council
Department of Defense
Central Intelligence Agency

SUBJECT: State draft report on H.R. 5577, a bill calling
for direct consultations between the United States
and the Contadora participants.

The Office of Management and Budget requests the views of your agency on the above subject before advising on its relationship to the program of the President, in accordance with OMB Circular A-19.

A response to this request for your views is needed no later than
FRIDAY, SEPTEMBER 21, 1984.

Questions should be referred to Tracey Lawler (395-4710)
the legislative analyst in this office.

Ronald K. Peterson
RONALD K. PETERSON FOR
Assistant Director for
Legislative Reference

Enclosures

cc: John Eisenhower
Arnie Donahue



United States Department of State

Washington, D.C. 20520

Dear Mr. Chairman:

This is in reply to your request for the Department's views and recommendations on H. R. 5577. This bill provides for direct consultations between the United States Government and the participants in the Contadora process and for a temporary suspension of United States support for or participation in military or paramilitary activities in Central America in order to provide a favorable climate for the Contadora process.

The United States Government supports the Contadora process and was pleased by the passage of H. Con. Res. 261, approved by the Congress on June 7, 1984. A copy of that resolution was, under instructions from the Department, given to the government of each country participating in the Contadora process.

Given passage of that resolution, the Department assumes that H.R. 5577 is no longer under active consideration. Let me note, in any event, that the Department of State would have no difficulty supporting a resolution calling for consultations with the Contadora participants, an activity in which we are continually engaged through our diplomatic missions and the President's Special Envoy for Central America, Ambassador Harry W. Shlaudeman.

We would be reluctant to support, however, a resolution specifying that the United States enter into formal negotiations with the participants in the Contadora process, an all-Latin American diplomatic effort whose participants have not sought or desired our direct involvement. I would also note that, since H.R. 5577 was introduced, the United States has initiated, at the request of the Contadora Group, bilateral discussions with the Government of Nicaragua that are intended to support and strengthen the Contadora process. Ambassador Shlaudeman, who has conducted those discussions for the United States, is consulting closely and directly with the Contadora participants on the Nicaraguan talks.

The Honorable
Melvin Price,
Chairman,
Committee on Armed Services,
House of Representatives.

- 2 -

The Department of State could not support a call for an end to those security component parts of U.S. policy designed to bolster the efforts of friendly governments and forces in the region. These elements of U.S. policy are an integral part of our overall policy, which is designed to support the achievement of a comprehensive, regional agreement in keeping with the Contadora Document of Objectives. In the absence of these elements, prospects for a successful outcome in the Contadora process would be, in our view, significantly diminished.

The Office of Management and Budget advises that from the standpoint of the Administration's program there is not objection to the submission of this report.

Sincerely,

W. Tapley Bennett, Jr.
Assistant Secretary
Legislative and Intergovernmental Affairs